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## **Independent Accountants' Report**

The Board of Directors  
General Communication, Inc.:

We have examined management's assertions, included in the accompanying Report of Management on Compliance with Applicable Requirements of Section 64.1310 and 64.1320 of the Federal Communications Commission's ("FCC") Rules and Regulations, that General Communication, Inc. ("the Company") complied with 47 C.F.R. Section 64.1310(a)(1), 64.1320(c) and 64.1320(d) of the FCC's Rules and Regulations in CC Docket 96-128 as of June 29, 2006. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertions that the Company complied with the aforementioned requirements as of June 29, 2006, are fairly stated in all material respects.

This report is intended solely for the information and use of the Company, the FCC, and applicable Facilities-Based Long Distance Carriers and Payphone Service Providers and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

June 29, 2006

**Report of Management on Compliance with Applicable Requirements  
of 47 C.F.R. Sections 64.1310 and 64.1320 of the Federal Communications Commission's Rules and  
Regulations**

Management of General Communication, Inc. ("GCI" or the "Company") is responsible for establishing and maintaining adequate systems and processes for its Pay Telephone Call Tracking System and for ensuring the Company's compliance with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1), 64.1320(c) and 64.1320(d) of the Federal Communications Commission's (FCC's) Rules and Regulations and related requirements contained in CC Docket No. 96-128, *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has performed an evaluation of the Company's compliance with the applicable requirements of 47 C.F.R. Section 64.1310(a)(1) using the criteria in 47 C.F.R. Section 64.1320(c) of the FCC's Rules and Regulations as the framework for the evaluation. Based on this evaluation, we assert that as of June 29, 2006, the Company complies with all applicable requirements of 47 C.F.R. Section 64.1310(a)(1) in all material respects as described below. There have been no changes since July 1, 2005 concerning the call tracking system that must be disclosed in accordance with 47 C.F.R. Section 64.1320(f) of the FCC Rules and Regulations.

GCI has prepared the required assertion statements relating to GCI's Payphone Call Tracking Systems. An electronic copy of the original, signed document is kept in the office of the National Payphone Clearinghouse of Cincinnati Bell, Inc. (NPC). For a facsimile copy, please contact the NPC.

GCI is acknowledged as the "Completing Carrier" for the following call scenario:

Call is placed from a payphone to a toll free number, terminating on GCI's network (Carrier Identification Code 077), with info digits of 27, 29, or 70 and a duration greater than zero. Calls originating from payphones from non-equal access areas are excluded from the compensable call category.

GCI is acknowledged as the "Intermediate Carrier" for the following call scenario:

Call is placed from a payphone to a toll free number terminating on Carrier Identification Codes other than 077, with info digits of 27, 29, or 70.

All assertions for GCI start from the point in which GCI has visibility of the call tracking data.

GCI uses the NPC for payphone compensation settlement. Certain assertions included in this report depend in whole or in part upon NPC performance. In support of these assertions, GCI relies upon a contractual agreement between GCI and NPC (NPC Contract), which requires NPC compliance with CC Docket No. 96-128. In addition, NPC has provided GCI an independent third-party audit report to verify that effective controls and procedures relating to these assertions have been established and will be maintained by NPC. GCI has not conducted an independent evaluation and makes these assertions based solely on the NPC Contract and third-party audit report of NPC's operations.

**GCI makes the following representations associated with the following assertions where GCI is identified as the Completing Carrier:**

**FCC Compliance Factor (1) – GCI's procedures accurately track calls to completion.**

- GCI's definition of the "per-call rate" of \$0.494 is in compliance with FCC rules.
- GCI's definition of a "Compensable Call" (payphone-originated that completes over GCI's network in which GCI identifies itself as the Completing Carrier) is in compliance with the FCC rules.

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- GCI's definition of a "Completed Call" (call that is answered by the called party) is in compliance with the FCC rules.
- GCI's systems are able to generate the following reports on a quarterly basis, and the third-party audit report of NPC verified that NPC's systems are able to generate the reports and report data for which NPC is responsible, as follows:
  - a) A list of the toll-free and access numbers dialed and completed from each Payphone Service Provider's (PSP) payphones along with the Automatic Number Identification (ANI) digits for each payphone.
  - b) The volume of calls for each toll-free and access number that was completed by GCI.
  - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling GCI's payphone compensation.
  - d) The Carrier Identification Code (CIC) or Trunk routing group of all facilities-based long distance carriers that routed calls to GCI categorized according to toll-free and access code numbers.
- GCI's data storage requirement (27 months) is in compliance with FCC rules, and the third-party audit report of NPC verified that NPC's data storage requirement is in compliance with FCC rules.
- GCI relies on the NPC to identify PSP's and the third-party audit report of NPC verified that NPC procedures for identifying PSP's are complete and accurate.
- GCI's procedures for validating payphone ANIs are complete and accurate. GCI can identify calls to toll-free numbers made from payphones using info digits of 27, 29, or 70.

**FCC Compliance Factor (2) – GCI has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone-completed calls.**

- GCI has designated personnel responsible for drafting the business requirements associated with tracking, compensating, and resolving disputes concerning payphone-compensated calls.
- GCI has designated personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data, and the third-party audit report of NPC verified that NPC has designated personnel responsible for the development and maintenance of the systems under their control used in the collection and reporting of payphone call data.
- GCI has designated personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data sets, and the third-party audit report of NPC verified that NPC has designated personnel responsible for the implementation and maintenance of procedures under their control that are utilized in creating final compensation data sets.
- GCI has designated personnel who are responsible for developing compensation-tracking reports, and the third-party audit report of NPC verified that NPC has designated personnel who are responsible for developing compensation-tracking reports under their control.

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- GCI has designated personnel who are responsible for payphone compensation dispute resolution.
- GCI has identified personnel responsible for managing coordination with the payphone clearinghouse services provider, NPC.

**FCC Compliance Factor (3) - GCI has effective data monitoring procedures.**

- GCI has the ability to prepare quarterly reports on payphone call counts, PSP identifiers and numbers dialed for completed payphone originating calls.
- GCI performs data monitoring procedures on call record volumes entering the payphone compensation system.
- GCI performs fraud monitoring procedures to identify potentially illegitimate payphone calls.
- GCI has the ability to investigate and resolve PSP disputes.

**FCC Compliance Factor (4) - GCI adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.**

- GCI has security controls in place to control access to and monitor call-tracking data, and the third-party audit report of NPC verified that NPC has controls in place to control access to and monitor call-tracking data.
- GCI has security controls in place to control access to and monitor the payment disbursement system, and the third-party audit report of NPC verified that NPC maintains such controls.
- GCI has a department that is responsible for making software changes that affect payphone compensation, and the third-party audit report of NPC verified that NPC also maintains such a department.
- GCI has established protocols to implement and test software changes affecting payphone compensation, and the third-party audit report of NPC verified that NPC also maintains such protocols.
- GCI has application controls in place to ensure that network changes, external to payphone compensation, do not negatively impact payphone compensation.

**FCC Compliance Factor (5) – GCI creates a compensable payphone call file by matching call detail records against payphone identifiers.**

- GCI utilizes switch data and database look-ups to populate the date, originating ANI, dialed number, and aggregate data into a compensable call category included in the Superfile submitted to the NPC.
- GCI uses payphone specific identifiers (info digits) to identify a compensable payphone call record, and the third-party audit report of NPC verified that NPC also maintains such identifiers.

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- GCI applies validation and control procedures to compile compensable call data.
- GCI uses the appropriate FCC default "per-call rate" to compensate PSPs, and the third-party audit report of NPC processes verified that NPC compensates payphone providers based on this rate.

**FCC Compliance Factor (6) – GCI has procedures to incorporate call data into required reports.**

- GCI's systems are able to generate, and the third-party audit report of NPC verified that NPC's systems are able to generate for the systems under their control, the following reports on a quarterly basis:
  - 1 A list of the toll-free and access numbers dialed and completed from payphones along with the ANI for each payphone.
  - 2 The volume of calls for each toll free and access number that was completed by GCI.
  - 3 The name(s), address(es), and phone number(s) of the person(s) responsible for handling GCI's payphone compensation.
  - 4 The CIC code or Trunk routing group of all facilities-based LD carriers that routed calls to GCI, categorized according to toll-free and access code numbers.
- GCI relies on the NPC to maintain a valid list of payphone owners identified by ANI, and the third-party audit report of NPC verified that NPC possesses a valid list of payphone owners identified by ANI.

**FCC Compliance Factor (7) - GCI has implemented procedures and controls needed to resolve payphone compensation disputes.**

- GCI has the ability to investigate and resolve PSP disputes.
- GCI has designated personnel who are responsible for payphone compensation dispute resolution.
- GCI filed a statement on July 1, 2004 that includes the names, addresses and phone numbers for persons responsible for handling payments and resolving disputes. This statement will be updated within 60 days of any changes of such persons. The statement was filed with the NPC and is available to the FCC, facilities-based long-distance carriers, and PSPs.

**FCC Compliance Factor (8) – GCI's independent third-party auditor can test all critical controls and procedures to verify that errors are immaterial,.**

- GCI has procedures to identify payphone-originated calls.
- GCI has procedures to capture dial-around calls.
- GCI has procedures to exclude incomplete calls from the Compensable Call File.
- GCI has procedures to accurately populate call record data in the Compensable Call File.

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- GCI has procedures to identify commissioned calls from the Compensable Call File.

**FCC Compliance Factor (9) – GCI has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which Completing Carrier owes compensation.**

- GCI has business rules that identify calls originated from payphones.
- GCI has business rules that identify compensable payphone calls.
- GCI has business rules that exclude incomplete calls from the compensable call category.
- GCI relies on the NPC for business rules to determine the identities of the PSP's to which GCI owes compensation.

***Required Disclosures per 64.1320(d)***

GCI represents the following facts in its role as the Completing Carrier. These facts are in fulfillment of the obligations of GCI as specified at 47 C.F.R. Section 64.1320(d):

- GCI's criteria for identifying calls originating from payphones include call record info-digit identification of 27, 29 or 70.
- GCI's criteria for identifying compensable payphone calls include all calls with info-digits 27, 29 or 70 and call duration greater than 0, for which GCI was the completing carrier. Calls originating from payphones from non-equal access areas are excluded from the compensable call category.
- GCI's criteria for identifying incomplete or otherwise noncompensable calls include: 1) calls that do not have info-digits 27, 29 or 70; or 2) calls with a duration of 0; or 3) for which GCI was not the completing carrier; 4) calls originating from payphones in a non-equal access area.
- GCI uses the clearinghouse NPC to perform payphone compensation settlement.
- GCI's criteria used to determine the identities of the PSPs to which GCI owes compensation is established by NPC, GCI's clearinghouse for settlements.
- The type of information that GCI needs from the PSPs in order to compensate the PSPs is determined by NPC and includes the correct identification information consisting of PSP name, address, ANI and ANI location.

Dated: June 29, 2006